

**SOUTH BRONX OVERALL ECONOMIC
DEVELOPMENT CORPORATION AND
RELATED ORGANIZATIONS**

**CONSOLIDATED FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

MARCH 31, 2010

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

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Independent Auditor's Report

Board of Directors South Bronx Overall Economic Development Corporation and Related Organizations

We have audited the accompanying consolidated balance sheet of South Bronx Overall Economic Development Corporation and Related Organizations as of March 31, 2010, and the related consolidated statements of activities and cash flows for the year then ended. These financial statements are the responsibility of South Bronx Overall Economic Development Corporation and Related Organizations' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from South Bronx Overall Economic Development Corporation and Related Organizations' 2009 financial statements and, in our report dated January 8, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Bronx Overall Economic Development Corporation and Related Organizations' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of South Bronx Overall Economic Development Corporation and Related Organizations as of March 31, 2010, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as whole.

Loeb + Troper LLP

December 15, 2010

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

CONSOLIDATED BALANCE SHEET

MARCH 31, 2010

(With Summarized Financial Information for March 31, 2009)

	2010	2009
ASSETS		(Restated)
Current assets		
Cash	\$ 104,942	\$ 50,889
Cash - tenants' security deposits	54,757	58,100
Accounts receivable	1,254,189	1,706,085
Contracts receivable	1,791,790	1,728,869
Rent receivable	342,487	561,486
Loans receivable - net (Note 3)	27,795	34,909
Prepaid expenses and other receivables	94,804	107,626
Total current assets	3,670,764	4,247,964
Assets limited as to use (Note 13)	403,495	428,049
Developer fees receivable (Note 14)	935,624	952,006
Fixed assets - net (Note 4)	6,769,919	6,833,864
Financing costs - net	275,907	286,347
Total assets	\$ 12,055,709	\$ 12,748,230

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

CONSOLIDATED BALANCE SHEET

MARCH 31, 2010

(With Summarized Financial Information for March 31, 2009)

	2010	2009
		(Restated)
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 1,283,059	\$ 1,673,503
Advances from government agencies	249,046	312,958
Loans payable (Note 5)	871,458	1,312,490
Mortgage notes payable (Note 6)	151,415	124,616
Capital leases payable (Note 7)	95,000	90,000
Deferred income	65,327	3,953
Security deposits	241,590	229,365
	<u>2,956,895</u>	<u>3,746,885</u>
Long-term liabilities		
Loans payable (Note 5)	1,488,959	988,718
Mortgage notes payable (Note 6)	2,569,355	2,734,139
Capital lease payable (Note 7)	3,005,000	3,100,000
	<u>7,063,314</u>	<u>6,822,857</u>
Total liabilities	<u>10,020,209</u>	<u>10,569,742</u>
Net assets (Exhibit B)		
Unrestricted	1,639,084	1,844,826
Temporarily restricted (Note 8)	396,416	333,662
	<u>2,035,500</u>	<u>2,178,488</u>
Total liabilities and net assets	<u>\$ 12,055,709</u>	<u>\$ 12,748,230</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

EXHIBIT B

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2010
(With Summarized Financial Information
for the Year Ended March 31, 2009)

	Unrestricted	Temporarily Restricted	Totals	
			2010	2009
Revenues and support				
Government contracts and grants	\$ 6,950,189	\$	\$ 6,950,189	\$ 8,089,749
Corporate and foundation grants	62,482	\$ 159,250	221,732	218,055
Special events income	\$ 264,592			
Direct costs of special events	<u>(91,128)</u>			
Rental income (Note 10)	173,464		173,464	207,708
Developer fees	2,165,487		2,165,487	2,129,920
Management fees (Note 1)	104,495		104,495	7,500
Contracted services (Note 1)	369,198		369,198	355,657
Interest income	914,620		914,620	974,304
Other revenue	5,010		5,010	571
Net assets released from restrictions (Note 8)	155,063	(96,496)	155,063	204,177
	96,496			
Total revenues and support	10,996,504	62,754	11,059,258	12,187,641
Expenses				
Program services				
Youth services	3,706,870		3,706,870	4,660,663
Adult services and testing assessment	2,144,621		2,144,621	2,192,651
Commercial revitalization	100,265		100,265	191,985
Technical assistance programs	489,807		489,807	728,540
Industrial development and job creation programs	638,451		638,451	282,653
Community development	2,070,301		2,070,301	2,685,540
Total program services	9,150,315		9,150,315	10,742,032

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SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2010
(With Summarized Financial Information
for the Year Ended March 31, 2009)

	Unrestricted	Temporarily Restricted	Totals
	2010	2009	
Expenses (continued)			
Supporting services			
Management and general	\$ 1,901,280	\$ 1,901,280	\$ 1,363,765
Fund raising	150,651	150,651	167,453
Total supporting services	2,051,931	2,051,931	1,531,218
Total expenses (including interest expense of \$451,256 in 2010 and \$528,359 in 2009)	11,202,246	11,202,246	12,273,250
Change in net assets (Exhibit C)	(205,742)	62,754	(142,988)
Net assets - beginning of year	1,844,826	333,662	2,178,488
Net assets - end of year (Exhibit A)	\$ 1,639,084	\$ 396,416	\$ 2,035,500
			\$ 2,178,488

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED MARCH 31, 2010 AND 2009

	2010	2009 (Restated)
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (142,988)	\$ (85,609)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	411,559	436,349
Decrease (increase) in assets		
Cash - tenants' security deposits	3,343	8,413
Accounts receivable	451,896	24,103
Contracts receivable	(62,921)	(55,216)
Contributions receivable		3,762
Rent receivable	218,999	(87,585)
Prepaid expenses and other receivables	12,822	15,025
Developer fees receivable	16,382	
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(390,444)	347,854
Advances from government agencies	(63,912)	(299,961)
Deferred income	61,374	3,953
Security deposits	12,225	(549)
Net cash provided by operating activities	528,335	310,539
Cash flows from investing activities		
Fixed asset acquisitions	(294,943)	(297,909)
Increase (decrease) in limited use assets	24,554	(6,665)
Proceeds from repayment of loans	7,114	1,859
Net cash used by investing activities	(263,275)	(302,715)
Cash flows from financing activities		
Repayment of mortgage, loans and capital lease	(402,110)	(314,850)
Proceeds from loans	191,103	225,000
Net cash used by financing activities	(211,007)	(89,850)
Net increase (decrease) in cash	54,053	(82,026)
Cash - beginning of year	50,889	132,915
Cash - end of year	\$ 104,942	\$ 50,889
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 451,256	\$ 528,359
Capitalized interest accrued on loan	\$ 42,231	\$ 38,046

See independent auditor's report.

The accompanying notes are an integral part of these statements.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 1 - NATURE OF ORGANIZATION

South Bronx Overall Economic Development Corporation (the "Organization", SBOEDC or SoBRO) was formed to transform South Bronx, New York into a center of commerce, industry, government, culture and higher education. Working in conjunction with the government, the private sector and the community, SBOEDC plans, advocates and facilitates major infrastructure investments in the South Bronx; directly develops and manages smaller strategic real estate projects; pursues a variety of initiatives to encourage small business in the South Bronx; and advocates and undertakes projects to provide amenities and cultural programs to make downtown South Bronx more attractive and hospitable.

SBOEDC's primary sources of revenues are government contracts and grants, private grants, as well as rental revenues.

SBOEDC is comprised of the following corporations:

<u>Abbreviations</u>	<u>Organization</u>
SBOEDC	South Bronx Overall Economic Development Corporation, the parent corporation, was formed in 1972 to help facilitate revitalization and development of South Bronx and surrounding neighborhoods into a regional subcenter in the New York metropolitan area. SBOEDC is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.
SoBRO-LDC	SoBRO Local Development Corporation was formed by SoBRO to encourage the development, retention and expansion of industry and commerce primarily in the South Bronx community. SBOEDC is the sole member of SoBRO-LDC. SoBRO-LDC is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.
SoBRO-DC	SoBRO Development Corporation was formed by SoBRO to address South Bronx's need for development of local businesses. SoBRO-DC owns and leases properties in the South Bronx that are rented to local businesses. SBOEDC is the sole member of SoBRO-DC. SoBRO-DC is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 1 - NATURE OF ORGANIZATION (continued)

<u>Abbreviations</u>	<u>Organization</u>
CI	CREDIT, Inc. was formed by SoBRO to facilitate capital and financial services for organizations, minorities and female entrepreneurs and other businesses that, due to location in a distressed or low-income community, are not adequately served by mainstream financial institutions, thereby enabling them to succeed and thrive. SBOEDC is the sole member of CI. CI is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

SBOEDC is affiliated with various not-for-profit and for-profit organizations by shared service agreements.

SBOEDC provides management services to affiliated programs for fees. The total management and administrative fees charged to affiliated programs for the year ended 2010 was \$369,198. In addition, SBOEDC contracts with affiliates and related organizations to provide personnel services. Personnel services provided to affiliates and related organizations totaled \$914,620 for the year ended March 31, 2010.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements are prepared on the accrual basis of accounting.

Principles of consolidation - All material intercompany transactions and balances have been eliminated in the consolidation.

FASB Accounting Standards Codification - In July 2009, the FASB released FASB Accounting Standards Codification (ASC) as the single source of authoritative nongovernmental U.S. Generally Accepted Accounting Principles (GAAP). The Codification is effective for interim and annual periods ending after September 15, 2009. All existing accounting standards documents are superseded as described in FASB Statement No. 168, *The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*. All other accounting literature not included in the Codification is nonauthoritative.

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SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts receivable - Receivables are recorded for services rendered but unpaid. Interest is not accrued or recorded on outstanding receivables.

Rents receivable - Receivables are recorded for unpaid rent. SBOEDC does not charge interest on outstanding receivables.

Contract receivables/revenues - Contract receivables are recorded for services rendered but unpaid. Contract revenues are recognized when earned. SBOEDC charges affiliate organizations fees for providing maintenance personnel at their buildings. Services are provided at cost and are billed monthly.

Contributions receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are subsequently met.

Loans receivable - SBOEDC records receivables based on loan agreements. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. SBOEDC does not accrue interest on loans in default.

Allowance for doubtful accounts - SBOEDC determines whether an allowance for uncollectibles should be provided for contributions, loans and accounts receivable (including development, contract and rent receivables). Such estimates are based on management's assessment of the aged basis of its contributions and other receivables, current economic conditions, subsequent receipts and historical information. Contributions, loans, and accounts receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. SBOEDC does not charge interest on outstanding receivables.

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets limited as to use - Assets limited as to use consist of amounts held in escrow by, or on deposit with, financial institutions that collateralize loan or mortgage obligations; placed on deposit with banks participating in letters of credit; and money held by the Trustee to make principal and interest payments to bondholders (see Note 13).

Investments - Investments are recorded at fair value, except for the guaranteed investment contract, which is valued at contract value.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could affect the amounts reported in SBOEDC's balance sheet.

Developer's fees/receivables - Developer's fees are recognized when earned. SBOEDC charges affiliate organizations fees for development services. Receivables are recorded for services rendered but unpaid.

Fixed assets - Fixed assets are recorded at cost. SBOEDC capitalizes all property and equipment having a cost of \$2,500 or more with an estimated useful life of greater than one year. Depreciation and amortization are recorded on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5 - 40 years
Furniture and fixtures	5 - 7 years
Equipment	3 - 5 years

Amortization of leasehold improvements is provided over the lesser of the life of the lease or the estimated useful life of the improvements.

Financing costs - Financing costs are amortized on the straight-line basis over the life of the related capital lease.

Tenant security deposits - SBOEDC obtains security deposits from all commercial tenants. Those funds are commingled with SBOEDC's operating funds and do not earn interest.

Advances from government agencies - Advances from government agencies represent unspent government grant monies that are to be used in the future period.

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SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets - Unrestricted net assets include funds having no restriction as to use or purpose imposed by donors. Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose.

Revenues from government agencies - Revenues from government agencies are recognized when earned. Expense-based grants are recognized as allowable expenses are incurred. Performance based grants are recognized as milestones are achieved.

Contributions - Unconditional contributions, including promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Rental income - SBOEDC leases office space to eligible tenants. All lease agreements are for at least a one-year term. All leases are operating leases and accounted for in accordance with generally accepted accounting principles in the United States of America. Revenue is recognized on the first day of each month for the current month's rent. SBOEDC bills certain tenants proportionally for their share of utility costs.

Management fees - SBOEDC charges affiliate organizations fees for management services based on management agreements. Receivables are recorded for services rendered but unpaid.

Rent expense - SBOEDC and related organizations lease space at various locations. All leases are operating leases and accounted for in accordance with generally accepted accounting principles in the United States of America; therefore, all leases are reflected on the straight-line basis. Rent expense is recognized on the first day of each month for the current month's rent.

Functional expenses - The costs of providing SBOEDC's programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Summarized comparative information - The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles read in conjunction with SBOEDC's financial statements for the year ended March 31, 2009, from which the information was derived.

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertainty in income taxes - Effective April 1, 2009, SBOEDC adopted the provision pertaining to uncertain tax positions, ASC Topic 740, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

Subsequent events - Subsequent events have been evaluated through December 15, 2010, which is the date the financial statements were available to be issued. See Note 5C.

NOTE 3 - LOANS RECEIVABLE

CI provides low interest loans to aid in the expansion and revitalization of commercial and industrial businesses in the South Bronx, New York area.

In addition, CI occasionally provides loans to businesses for specific uses from its own unrestricted funds. The loans receivable balances at March 31, 2010 total \$57,815, with an allowance of uncollectible accounts of \$50,000.

SBOEDC occasionally provides loans to its tenants for specific uses from its own unrestricted funds. The loans receivable balances from tenant loans at March 31, 2010 total \$19,980.

Future loan receivable payments are due as follows:

Past due	\$ 77,795
Allowance for doubtful accounts	<u>(50,000)</u>
	<u>\$ 27,795</u>

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 4 - FIXED ASSETS

Fixed assets consist of the following:

Land	\$ 162,295
Buildings and improvements	6,638,844
Leasehold improvements	2,436,540
Furniture and fixtures	455,837
Equipment	642,633
Construction in progress	<u>1,088,788</u>
	11,424,937
Accumulated depreciation and amortization	<u>(4,655,018)</u>
	<u>\$ 6,769,919</u>

NOTE 5 - LOANS PAYABLE

The balance at March 31, 2010 consists of the following:

<u>Description</u>	<u>Effective Interest Rate at 3/31/10</u>	<u>Amount Payable</u>
A. A secured line of credit for \$750,000 payable to Citibank with an interest rate floating at Lender's base rate plus .50%, collateralized by the program receivables of the Organization, subject only to existing liens of records on the closing date. The line of credit expired on October 31, 2008. Management is in the process of renewing the line of credit. The line is currently overdue.	3.75%	\$ 650,000
B. A secured loan, payable to Local Initiatives Support Corporation, was due on September 1, 2009 and was being extended on a month-to-month basis, collateralized by pledges and assignment of proceeds from capital campaign. The loan was fully repaid as of March 31, 2010.		

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 5 - LOANS PAYABLE (continued)

Description	Effective Interest Rate at 3/31/10	Amount Payable
C. Unsecured loan, payable to Citibank, in a single installment at a fixed interest rate of 4% was due on March 1, 2010. The line is secured by the Organization's annual Gala fund-raising receipts. Subsequently, the loan was amended on August 8, 2010 with an initial payment of \$50,000 upon execution of the amendment, annual installments of no less than \$50,000 on March 1, 2011, 2012, 2013, and 2014 and monthly payments of principle and interest in the amount of \$4,250 beginning July 1, 2010 and due February 1, 2015.	4.00%	\$ 450,000
D. Unsecured loan, payable to Deutsche Bank, interest free and due in May 31, 2014. The loan is part of a \$75,000 commitment with additional proceeds of \$25,000 due May 31, 2011 and 2012.	0.00%	25,000
E. Unsecured loan, payable to JPMorgan Chase, beginning January 18, 2010 and due December 18, 2011 with 23 payments to be made in the amount of \$3,799 of principle and interest being charged at a variable interest rate of LIBOR plus 6.5%.	6.74%	74,982
F. In September 2007, SoBRO LDC entered into a loan agreement with a board member. The loan was used to purchase property and is due upon construction closing. The loan was for \$340,000 with interest being accrued and capitalized. Accrued interest on the loan totaled \$103,616 at March 31, 2010. Management anticipates the construction closing to take place in 2012.	10.00%	443,616

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 5 - LOANS PAYABLE (continued)

Description	Effective Interest Rate at 3/31/10	Amount Payable
G. Unsecured, non-interest-bearing loan payable to the Community Partnership Development Corporation, in a single installment to be paid upon construction loan closing. Management anticipates closing to occur by March 31, 2012.	0.00%	\$ 250,000
H. Unsecured, non-interest-bearing loan payable to Treuhold Capital Group LLC in a single installment to be paid when the construction project procures financing. Management anticipates this to occur by March 31, 2012.	0.00%	406,103
I. A secured loan with New York National Bank for \$34,000, collateralized by all the assets of CI, due on February 6, 2012 and charged at a variable interest rate.	3.25%	12,333
J. A revolving loan fund account, payable to New York State Urban Development Corporation (UDC). The maximum amount of funds available under the agreement is \$100,000. The agreement requires CI to use due diligence in evaluating prospective borrowers and good faith efforts to collect repayment from borrowers. As borrowers repay the loans, CI remits the proceeds to UDC. In the event that these good faith collections efforts fail and a loan is declared uncollectible, CI is not liable to UDC for the unpaid principal on the loan. The loan from UDC is interest-free.	0.00%	<u>48,383</u>
Total loans payable		<u>\$ 2,360,417</u>

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 5 - LOANS PAYABLE (continued)

Principal payments for these loans for the next five years are as follows:

<u>Year Ending</u>	
March 31, 2011	\$ 871,458
March 31, 2012	1,229,332
March 31, 2013	117,386
March 31, 2014	96,150
March 31, 2015	<u>46,091</u>
Total loans payable	<u>\$ 2,360,417</u>

NOTE 6 - MORTGAGE NOTES PAYABLE

The balances at March 31, 2010 consist of the following:

<u>Description</u>	<u>Effective Interest Rate at 3/31/10</u>	<u>Amount Payable</u>
A. On May 25, 2005, SBOEDC obtained a ten-year mortgage note from JP Morgan Chase Bank in the aggregate principal sum of \$2,189,553, with a variable interest rate based on the Monthly Average 1 Year Treasury Index plus 2.65%. The mortgage note matures on July 1, 2015 and requires payment of principal and interest in monthly installments of \$13,018. A lump-sum payment of \$1,342,336 is due on July 1, 2015. The mortgage note is collateralized by the premises located at 1-9 East 170th Street, Bronx, New York and at 15-19 West 183rd Street, Bronx, New York and the property known as Unit B in the East 170th Street Condominium.	3.06%	\$ 1,870,174

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**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 6 - MORTGAGE NOTES PAYABLE (continued)

<u>Description</u>	<u>Effective Interest Rate at 3/31/10</u>	<u>Amount Payable</u>
B. In fiscal year 2001, SBOEDC obtained a mortgage from the Bronx Overall Economic Development Corporation, a not-for-profit local development corporation, in the aggregate principal amount of \$1.2 million with a fixed interest rate of 5% per annum. The mortgage loan matures on November 7, 2021. The loan requires payment of principal in monthly installments of \$7,919. The mortgage loan is collateralized by the premises located at 270 East 137th Street, Bronx, New York.	5.00%	\$ <u>850,596</u>
Total mortgage notes payable		\$ <u>2,720,770</u>

All of the mortgages are secured by real estate owned by SBOEDC.

Principal payments on these mortgages payable for the next five years and thereafter are as follows:

<u>Year Ending</u>	
March 31, 2011	\$ 151,415
March 31, 2012	157,233
March 31, 2013	163,597
March 31, 2014	170,073
March 31, 2015	176,818
Thereafter	<u>1,901,634</u>
Total mortgage notes payable	\$ <u>2,720,770</u>

-continued-

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 7 - CAPITAL LEASE PAYABLE

On September 1, 2000, SBOEDC entered into an agreement with New York City Industrial Development Agency (the "IDA") to issue Civic Facility Revenue Bonds (South Bronx Overall Economic Development Corporation Project), Series 2000, in the aggregate principal amount of \$3,695,000, with a fixed interest rate of 8.65% per annum, to finance a portion of the costs of a project consisting of the acquisition, renovation and equipping of a commercial leasehold located at 2856-2870 Third Avenue, Bronx, New York (the "Facility"). The Series 2000 Bonds are scheduled to mature in various amounts through 2025. Quarterly interest payments began on December 1, 2000 and required annual principal repayments began starting December 1, 2002. As part of the agreement, SBOEDC transferred leasehold title to the building and its contents to the IDA. Capital leased assets are \$5,324,819 with accumulated amortization of \$2,166,802 as of March 31, 2010.

Principal and interest payments are guaranteed by SoBRO-LDC and SoBRO-DC.

Principal payments for each of the next five years and thereafter are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 95,000	\$ 265,327	\$ 360,327
2012	105,000	256,917	361,917
2013	115,000	247,645	362,645
2014	125,000	237,511	362,511
2015	135,000	226,514	361,514
Thereafter	<u>2,525,000</u>	<u>1,428,136</u>	<u>3,953,136</u>
	<u>\$ 3,100,000</u>	<u>\$ 2,662,050</u>	<u>\$ 5,762,050</u>

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets consist of the following balances:

Excel in School program	\$ 296,416
Pre-development costs	<u>100,000</u>
Total temporarily restricted net assets	<u>\$ 396,416</u>

-continued-

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS (continued)

Net assets were released from restriction by satisfying the following program restrictions:

Excel in School program	\$ 46,496
Pre-development costs	<u>50,000</u>
 Total net assets released from restriction	 <u>\$ 96,496</u>

NOTE 9 - OPERATING LEASES

SoBRO DC is the lessee of the premises located at 131 Walnut Ave., Bronx, NY, under the terms of a 30-year lease agreement with the City of New York (lessor) dated June 7, 1982. The lease was amended in 1994, 1996, 1997 and 2007, to require annual rentals payable to the City of New York of an amount equal to a percentage of gross rentals received, based upon the occupancy level. In addition to the basic rent, the lease agreement requires that a capital replacement fund be set up to provide funds for capital expenditures for the buildings. Under the lease agreement, SoBRO DC is required to deposit into a separate account ("Capital Replacement Fund") an amount equal to a minimum of \$15,000 per annum until the Capital Replacement Fund balance equals or exceeds \$75,000 to cover future capital expenditures. At March 31, 2010, SoBRO DC had a balance of \$0 in the fund, which did not meet the requirements of the lease agreement.

The initial term of the lease was to expire on June 6, 2012, but the lease term was extended to September 20, 2024.

SoBRO-LDC is the lessee of the premises located at 430 Westchester Ave., Bronx, New York and 553-555 Brook Avenue, Bronx, New York. Both leases are on a month-to-month basis and are cancelable at any time.

SBOEDC leases office space under a noncancelable operating lease. The lease provides for certain escalation charges based on increases in operating expenses of the buildings in addition to the base annual rent. In 2001, SBOEDC entered into a 25-year noncancelable lease agreement (through August 16, 2026) for its headquarters, with an option to renew for an additional twenty years.

SBOEDC leases various vehicles; the leases are noncancelable operating leases. The monthly installments on the leases vary from \$400 to \$600 and expire between October 2011 and December 2012.

-continued-

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 9 - OPERATING LEASES (continued)

The future minimum rental payments under noncancelable operating leases with terms in excess of one year are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$ 594,889
2012	590,442
2013	583,659
2014	577,292
2015	577,292
Thereafter	<u>5,951,878</u>
Total	<u>\$ 8,875,452</u>

Total rent expense for the fiscal year ended March 31, 2010 was \$631,380.

NOTE 10 - FUTURE NONCANCELABLE LEASE REVENUE

SBOEDC and related organizations lease office and commercial space to various businesses. Lease agreements range from month to month to 25 years. All leases are recorded on the straight-line basis. Future noncancelable lease revenue through 2031 for SBOEDC, SoBRO-LDC and SoBRO-DC is expected as follows:

2011	\$ 1,463,250
2012	1,492,313
2013	1,339,811
2014	1,229,447
2015	1,236,959
Thereafter	<u>11,741,690</u>
	<u>\$ 18,503,470</u>

NOTE 11 - PENSION PLAN

SBOEDC has a defined contribution pension plan covering all employees who meet age and length of service requirements. Pension expense for the year ended March 31, 2010 was \$185,149.

-continued-

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Reimbursements for program expense and overhead applicable to various programs conducted under contract with governmental agencies is based on complex laws and regulations. Noncompliance with such laws and regulations could result in fines, penalties and exclusion from such programs. No such fines or penalties were imposed on the Organization. The Organization is subject to audit, which may result in adjustments or disallowances. The amount of disallowance, if any, cannot be determined. Therefore, no provision is made for these potential liabilities. Management does not anticipate any material adjustments as a result of these audits.

NOTE 13 - ASSETS LIMITED AS TO USE

Certain assets limited as to use are held in a Guaranteed Investment Contract ("GIC"), which is carried at contract value. The GIC earns a fixed rate of interest of 5.70%. The composition of assets limited as to use at March 31, 2010 is as follows:

Cash (tax escrow)	\$ 36,026
Guaranteed investment contract (debt reserve fund)	<u>367,469</u>
	<u>\$ 403,495</u>

NOTE 14 - DEVELOPER FEES

Developer fees consist of the fees related to the development and renovation of potential and existing projects. These projects will reimburse SBOEDC for the outstanding developer fees. These projected fees are due from affiliated organizations.

NOTE 15 - FUNCTIONAL EXPENSES

Program services	\$ 9,150,315
Management and general	1,901,280
Fund raising	150,651
Direct cost of special events	<u>91,128</u>
Total expenses	<u>\$ 11,293,374</u>

-continued-

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2010

NOTE 16 - RELATED-PARTY TRANSACTIONS

SBOEDC obtained a loan from a company controlled by a member of the board. See Note 5F. The loan accrued interest of \$42,231 during the year ended March 31, 2010.

NOTE 17 - RESTATEMENT

The 2009 balance sheet has been restated to reflect the acquisition of a building in 2007 and the related loan payable of \$401,385 each, that was not previously reported in the financial statements. This has no impact on the net assets or on the statement of activities.

SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

CONSOLIDATING BALANCE SHEET

MARCH 31, 2010
(With Summarized Financial Information for March 31, 2009)

	SBOEDC	SoBRO- LDC	SoBRO- DC	CI	Totals	
					2010	2009 (Restated)
ASSETS						
Current assets						
Cash	\$ 12,472	\$ 83,335	\$ 6,460	\$ 2,675	\$ 104,942	\$ 50,889
Cash - tenants' security deposits	54,757	0			54,757	58,100
Accounts receivable	1,254,189				1,254,189	1,706,085
Contracts receivable	1,791,790				1,791,790	1,728,869
Rent receivable	130,441	65,914	146,132		342,487	561,486
Loans receivable - net	19,980			7,815	27,795	34,909
Prepaid expenses and other receivables	94,804				94,804	107,626
Total current assets	3,358,433	149,249	152,592	10,490	3,670,764	4,247,964
Assets limited as to use	403,495				403,495	428,049
Developer fees receivable	935,624				935,624	952,006
Fixed assets - net	5,469,711	612,905	687,303		6,769,919	6,833,864
Financing costs - net	275,907				275,907	286,347
Total assets	\$ 10,443,170	\$ 762,154	\$ 839,895	\$ 10,490	\$ 12,055,709	\$ 12,748,230

-continued-

SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

SCHEDULE 1
-2-

CONSOLIDATING BALANCE SHEET

MARCH 31, 2010
(With Summarized Financial Information for March 31, 2009)

	SBOEDC	SoBRO- LDC	SoBRO- DC	CI	Totals	
					2010	2009 (Restated)
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable and accrued expenses	\$ 838,760	\$ 19,909	\$ 419,890	\$ 4,500	\$ 1,283,059	\$ 1,673,503
Due to (from) related organizations	815,396	(571,306)	(193,955)	(50,135)		
Advances from government agencies	249,046				249,046	312,958
Loans payable	816,275			55,183	871,458	1,312,490
Mortgage notes payable	151,415				151,415	124,616
Capital leases payable	95,000				95,000	90,000
Deferred income	65,327				65,327	3,953
Security deposits	144,475	43,715	53,400		241,590	229,365
Total current liabilities	3,175,694	(507,682)	279,335	9,548	2,956,895	3,746,885
Long-term liabilities						
Loans payable	633,707	443,616	406,103	5,533	1,488,959	988,718
Mortgage notes payable	2,569,355				2,569,355	2,734,139
Capital leases payable	3,005,000				3,005,000	3,100,000
Total long-term liabilities	6,208,062	443,616	406,103	5,533	7,063,314	6,822,857
Total liabilities	9,383,756	(64,066)	685,438	15,081	10,020,209	10,569,742
Net assets						
Unrestricted	662,998	826,220	154,457	(4,591)	1,639,084	1,844,826
Temporarily restricted	396,416				396,416	333,662
Total net assets	1,059,414	826,220	154,457	(4,591)	2,035,500	2,178,488
Total liabilities and net assets	\$ 10,443,170	\$ 762,154	\$ 839,895	\$ 10,490	\$ 12,055,709	\$ 12,748,230

See independent auditor's report.

SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED MARCH 31, 2010

(With Summarized Financial Information for the Year Ended March 31, 2009)

	SBOEDC	SoBRO- LDC	SoBRO- DC	CI	Intercompany Eliminations	Total	
						2010	2009
Revenues, gains, losses and other support						\$ 6,950,189	\$ 8,089,749
Government contracts and grants	\$ 6,950,189					221,732	218,055
Corporate and foundation grants	221,732						
Special events income	\$ 264,592					173,464	207,708
Direct costs of special events	(91,128)						
Rental income	1,088,452	\$ 372,923	\$ 704,112			2,165,487	2,129,920
Developer fees	104,495					104,495	7,500
Management fees	369,198					369,198	355,657
Contracted services	1,192,086				\$ (277,466)	914,620	974,304
Interest income	5,010					5,010	571
Other revenue	155,063					155,063	204,177
Total revenues, gains, losses and other support	10,259,689	372,923	704,112		(277,466)	11,059,258	12,187,641
Expenses							
Program services						3,706,870	4,660,663
Youth services	3,706,870					2,144,621	2,192,651
Adult services and testing assessment	2,144,621					100,265	191,985
Commercial revitalization	100,265					489,807	728,540
Technical assistance programs	489,807					638,451	282,653
Industrial development and job creation programs	638,451					2,070,301	2,685,540
Community development	1,626,528	142,624	298,605	\$ 2,544			
Total program services	8,706,542	142,624	298,605	2,544		9,150,315	10,742,032
Supporting services							
Management and general	1,790,708	217,460	166,078	4,500	(277,466)	1,901,280	1,363,765
Fund raising	150,651					150,651	167,453
Total supporting services	1,941,359	217,460	166,078	4,500	(277,466)	2,051,931	1,531,218
Total expenses	10,647,901	360,084	464,683	7,044	(277,466)	11,202,246	12,273,250
Change in net assets before other changes	(388,212)	12,839	239,429	(7,044)	-	(142,988)	(85,609)
Contributions from (to) related organizations	222,127		(224,429)	2,302			
Transfer from (to) related organizations	45,394		(45,394)				
Change in net assets	(120,691)	12,839	(30,394)	(4,742)	-	(142,988)	(85,609)
Net assets - beginning of year	1,180,105	813,381	184,851	151		2,178,488	2,264,097
Net assets - end of year	\$ 1,059,414	\$ 826,220	\$ 154,457	\$ (4,591)	\$ -	\$ 2,035,500	\$ 2,178,488

See independent auditor's report.

SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

SCHEDULE 3

CONSOLIDATED FUNCTIONAL EXPENSES

YEAR ENDED MARCH 31, 2010

(With Summarized Financial Information for the Year Ended March 31, 2009)

	Program Services						Supporting Services				Total	
	Youth Services	Adult Services and Testing Assessment	Commercial Revitalization	Technical Assistance Programs	Industrial Development and Job Creation Programs	Community Development	Total Program Expenses	Management and General	Fund Raising	Direct Cost of Special Events	2010	2009
Salaries	\$ 2,280,591	\$ 1,326,528	\$ 48,152	\$ 291,966	\$ 362,850	\$ 761,960	\$ 5,072,047	\$ 870,811	\$ 87,081		\$ 6,029,939	\$ 6,170,613
Payroll taxes and employee benefits	535,211	310,627	11,240	73,669	90,228	152,392	1,173,367	184,277	17,416		1,375,060	1,515,566
Consultants and contract services	91,585	86,035	20,185	19,117	80,228	46,522	343,672	42,623	21,173		407,468	721,671
Travel and conferences	281,957	52,587	713	13,929	4,735	38,658	392,579	18,392	2,102		413,073	620,016
Occupancy	102,528	204,441	6,023	14,912	24,189	581,122	933,215	176,116	18,928		1,128,259	1,202,810
Equipment rental and maintenance	63,858	8,819	188	2,568	1,007	2,803	79,243	1,261	68		80,572	151,876
Communication and consumable supplies	232,820	101,710	3,009	35,969	34,575	24,077	432,160	19,983	2,284		454,427	600,234
Interest	45,073	22,536	4,507	9,015	13,522	225,892	320,545	130,711			451,256	528,359
Property taxes	11,343	5,672	1,134	2,269	3,403	45,372	69,193	44,238			113,431	75,255
Bad debts								272,722			272,722	101,884
Depreciation and amortization	44,493	17,577	3,515	23,196	18,682	166,992	274,455	137,104			411,559	436,349
Catering and entertainment										\$ 91,128	91,128	87,527
Miscellaneous	17,411	8,089	1,599	3,197	5,032	24,511	59,839	3,042	1,599		64,480	148,617
Total expenses	3,706,870	2,144,621	100,265	489,807	638,451	2,070,301	9,150,315	1,901,280	150,651	91,128	11,293,374	12,360,777
Less expenses deducted directly from revenues on the statement of activities										(91,128)	(91,128)	(87,527)
Total expenses reported by function (Exhibit B)	\$ 3,706,870	\$ 2,144,621	\$ 100,265	\$ 489,807	\$ 638,451	\$ 2,070,301	\$ 9,150,315	\$ 1,901,280	\$ 150,651	\$ -	\$ 11,202,246	\$ 12,273,250

SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS

SCHEDULE 4

FUNCTIONAL EXPENSES OF
SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION

YEAR ENDED MARCH 31, 2010

(With Summarized Financial Information for the Year Ended March 31, 2009)

	Program Services						Supporting Services				Total	
	Youth Services	Adult Services and Testing Assessment	Commercial Revitalization	Technical Assistance Programs	Industrial Development and Job Creation Programs	Community Development	Total	Management and General	Fund Raising	Direct Cost of Special Events	2010	2009
Salaries	\$ 2,280,591	\$ 1,326,528	\$ 48,152	\$ 291,966	\$ 362,850	\$ 761,960	\$ 5,072,047	\$ 870,811	\$ 87,081		\$ 6,029,939	\$ 6,170,613
Payroll taxes and employee benefits	535,211	310,627	11,240	73,669	90,228	152,392	1,173,367	184,277	17,416		1,375,060	1,515,565
Consultants and contract services	91,585	86,035	20,185	19,117	80,228	42,347	339,497	20,115	21,173		380,785	685,474
Travel and conferences	281,957	52,587	713	13,929	4,735	21,019	374,940	18,392	2,102		395,434	608,096
Occupancy	102,528	204,441	6,023	14,912	24,189	189,277	541,370	172,149	18,928		732,447	815,714
Equipment rental and maintenance	63,858	8,819	188	2,568	1,007	1,364	77,804	1,261	68		79,133	147,205
Communication and consumable supplies	232,820	101,710	3,009	35,969	34,575	22,838	430,921	19,983	2,284		453,188	598,658
Interest	45,073	22,536	4,507	9,015	13,522	225,363	320,016	130,711			450,727	527,291
Property taxes	11,343	5,672	1,134	2,269	3,403	45,372	69,193	44,238			113,431	75,256
Bad debts								190,079			190,079	99,532
Depreciation and amortization	44,493	17,577	3,515	23,196	18,682	140,619	248,082	137,104			385,186	409,139
Catering and entertainment										\$ 91,128	91,128	87,527
Miscellaneous	17,411	8,089	1,599	3,197	5,032	23,977	59,305	1,588	1,599		62,492	148,318
Total expenses	3,706,870	2,144,621	100,265	489,807	638,451	1,626,528	8,706,542	1,790,708	150,651	91,128	10,739,029	11,888,388
Less expenses deducted directly from revenues on the statement of activities										(91,128)	(91,128)	(87,527)
Total expenses reported by function (Exhibit B)	\$ 3,706,870	\$ 2,144,621	\$ 100,265	\$ 489,807	\$ 638,451	\$ 1,626,528	\$ 8,706,542	\$ 1,790,708	\$ 150,651	\$ -	\$ 10,647,901	\$ 11,800,861

See independent auditor's report.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

**FUNCTIONAL EXPENSES OF
SoBRO LOCAL DEVELOPMENT CORPORATION**

YEAR ENDED MARCH 31, 2010

(With Summarized Financial Information for the Year Ended March 31, 2009)

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>	
	<u>Community Development</u>	<u>Management and General</u>	<u>2010</u>	<u>2009</u>
Consultants and contract services	\$ 2,373	\$ 205,860	\$ 208,233	\$ 149,665
Travel and conferences	17,639		17,639	11,920
Occupancy	101,910	2,000	103,910	97,412
Communication and consumable supplies	1,239		1,239	1,575
Bad debts		9,600	9,600	
Depreciation	19,142		19,142	22,435
Miscellaneous	321		321	83
	<u>321</u>	<u>9,600</u>	<u>321</u>	<u>83</u>
Total expenses reported by function	<u>\$ 142,624</u>	<u>\$ 217,460</u>	<u>\$ 360,084</u>	<u>\$ 283,090</u>

See independent auditor's report.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

**FUNCTIONAL EXPENSES OF
SoBRO DEVELOPMENT CORPORATION**

YEAR ENDED MARCH 31, 2010

(With Summarized Financial Information for the Year Ended March 31, 2009)

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>	
	<u>Community Development</u>	<u>Management and General</u>	<u>2010</u>	<u>2009</u>
Consultants and contract services		\$ 89,614	\$ 89,614	\$ 65,267
Occupancy	\$ 289,935	1,967	291,902	289,685
Equipment rental and maintenance	1,439		1,439	4,671
Bad debts		73,043	73,043	2,352
Amortization	7,231		7,231	4,775
Miscellaneous		1,454	1,454	181
	<u>298,605</u>	<u>166,078</u>	<u>464,683</u>	<u>366,931</u>
Total expenses reported by function	<u>\$ 298,605</u>	<u>\$ 166,078</u>	<u>\$ 464,683</u>	<u>\$ 366,931</u>

See independent auditor's report.

**SOUTH BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION
AND RELATED ORGANIZATIONS**

FUNCTIONAL EXPENSES OF CREDIT INC.

YEAR ENDED MARCH 31, 2010

(With Summarized Financial Information for the Year Ended March 31, 2009)

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total</u>	
	<u>Community Development</u>	<u>Management and General</u>	<u>2010</u>	<u>2009</u>
Consultants and contract services	\$ 1,802	\$ 4,500	\$ 6,302	
Interest	529		529	\$ 1,068
Miscellaneous	213		213	35
	<u>2,544</u>	<u>4,500</u>	<u>7,044</u>	<u>1,103</u>
Total expenses reported by function	<u>\$ 2,544</u>	<u>\$ 4,500</u>	<u>\$ 7,044</u>	<u>\$ 1,103</u>

See independent auditor's report.